

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

PM-07 INR-10 L-03 NSAE-00 PA-04 RSC-01 PRS-01 SP-03

TRSE-00 SAJ-01 SS-20 NSC-07 H-03 DODE-00 DRC-01 EB-11

EURE-00 IO-14 /112 W

----- 062039

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FM AMEMBASSY BONN

TO SECSTATE WASHDC NIACT IMMEDIATE 2008

INFO USMISSION NATO BRUSSELS IMMEDIATE

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DEPARTMENT PASS TREASURY AND DEFENSE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: OFFSET

1. IN ADDITION TO THE JOINT PRESS COMMUNIQUE THE
FRG PLANS TO GIVE THE FOLLOWING TEXT TO THE PRESS.
INFORMAL EMBASSY TRANSLATION FOLLOWS. FOREIGN OFFICE
ADVISED US THAT THE TEXT MAYBE SLIGHTLY MODIFIED THIS
AFTERNOON BEFORE RELEASE.

2. BEGIN TEXT

THE FEDERAL GOVERNMENT WELCOMES THAT THE
QUESTION OF OFFSETTING EXPENDITURES ARISING IN CON-
NECTION WITH THE STATIONING OF US TROOPS IN THE FEDERAL
REPUBLIC COULD ONCE AGAIN--FOR THE EIGHTH TIME--BE
SOLVED IN MUTUAL AGREEMENT WITH THE US GOVERNMENT.
IT HAS THEREBY ONCE AGAIN EMPHASIZED THE IMPORTANCE
WHICH IT ATTACHES TO AN ESSENTIALLY UNCURTAILED
PRESENCE OF AMERICAN TROOPS IN THE FEDERAL REPUBLIC
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AND EUROPE. IT REALIZES THAT THE PRESENCE OF US

TROOPS, WHICH IS OF MUTUAL INTEREST, NEEDS TO BE
BASED ON SOLID MATERIAL (FINANCIAL) ARRANGEMENTS.

THE GERMAN OFFSET PAYMENTS SHOULD NOT BE
EVALUATED BY THEMSELVES. THERE ARE ADDITIONAL
CONTRIBUTIONS (TO OFFSET BY THE FEDERAL
GOVERNMENT AND OTHER GOVERNMENT AGENCIES, ESPECIALLY
ON THE BASIS OF THE PROVISIONS OF THE SUPPLEMENTAL
AGREEMENT TO THE NATO STATUTE. THIS INVOLVES
EXPENDITURES ON THE ONE HAND AND REVENUE LOSSES
ON THE OTHER HAND, WHICH ADD UP TO ABOUT DM L.5 BILLION
PER ANNUM. THE LARGEST SINGLE ITEM IS THE MAKING
AVAILABLE OF ABOUT 69,000 HECTARES OF
FEDERAL GOVERNMENT OWNED LAND FOR THE USE OF AMERICAN
FORCES FREE OF CHARGE. THE ANNUAL USE VALUE OF
THIS LAND AMOUNTS TO ALMOST DM 1 BILLION. MOREOVER,
THE FEDERAL GOVERNMENT INCURS COSTS FOR THE PURCHASE
OF LAND NOT OWNED BY THE FEDERAL GOVERNMENT, FOR
REPLACEMENT OF BUILDINGS AND INCREASED CONSTRUCTION
OF HIGHWAYS, ROADS AND BRIDGES FOR THE ROAD NETWORK
EXCLUSIVELY SERVING TRACK VEHICLES OF THE US
FORCES.

FINALLY, IT MUST BE POINTED OUT IN THIS CONTEXT
THAT THE FEDERAL GOVERNMENT AND THE DEUTSCHE BUNDES-
BANK HAVE FOR YEARS MATERIALLY CONTRIBUTED TO
RELIEVING THE US BALANCE OF PAYMENTS SITUATION. AS
THE RESULT OF THE PARITY ADJUSTMENTS SINCE DECEMBER
1971, THE REVALUATION OF THE DM VIS A VIS THE DOLLAR
NOW AMOUNTS TO ALMOST 50 PERCENT. THE CONSEQUENCE
OF THIS DEVELOPMENT WAS THAT THE BUNDESBANK HAD TO PUT
UP WITH BOOK LOSSES OF ITS DOLLAR HOLDINGS AMOUNTING
TO BILLIONS. THE POSITIVE SIDE OF THIS DEVELOPMENT
WAS THAT THE US COMPETITIVE POSITION ON THE WORLD
MARKET IMPROVED DECIDEDLY.
END TEXT
HILLENBRAND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, PRESS COMMENTS, OFFSET PAYMENTS, COMMUNIQUE
Control Number: n/a
Copy: SINGLE
Draft Date: 25 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BONN06576
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740097-1134
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740416/aaaaanhl.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 01 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 APR 2002 by boyleja>; APPROVED <10 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OFFSET
TAGS: EFIN, GE, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005